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Evans, Sandra E

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**From:** Monica Winnebald [MWinnebald@merrickbank.com]  
**Sent:** Tuesday, October 02, 2001 3:44 PM  
**To:** 'regs.comments@ots.treas.gov'; 'regs.comments@federalreserve.gov'; 'comments@fdic.gov'  
**Subject:** Proposed Rulemaking Relating to the Community Reinvestment Act



Proposed CRA Letter  
of Comment... Attached, please find comments from Merrick Bank relating to the  
Community  
Reinvestment Act. There comments will also be sent via mail. <<Proposed  
CRA  
Letter of Comment.doc>>

October 2, 2001

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regs.comments@ots.treas.gov

OCC

Docket No. 01-16

Communications Division

Public Information Room, MS 1-5

250 E Street, SW

Washington, DC 20219

RE: RIN 1557-AB98

regs.comments@federalreserve.gov

Ms. Jennifer J. Johnson

Secretary

Board of Governors of the Federal Reserve System

20<sup>th</sup> Street and Constitution Avenue, NW

Washington, DC 20551

RE: Regulation BB

comments@fdic.gov

Robert E. Feldman

Executive Secretary

Attention: Comments/OES

FDIC

550 17<sup>th</sup> Street, NW

Washington, DC 20249

RE: RIN 3064-AC50

Dear Regulators:

We wish to thank the FFIEC for this opportunity to comment on the July 19, 2001 Advanced Notice of Proposed Rulemaking relating to the Community Reinvestment Act.

Merrick Bank is a Utah-chartered industrial loan corporation regulated by the FDIC and State of Utah, with its principal executive offices located in South Jordan, Utah. Merrick Bank has approximately \$288 million in assets, consisting mainly of consumer credit card loans.

Our comments on the proposal are as follows:

1. We believe the definition of a "limited purpose" institution should be expanded to include institutions that (i) offer services to a limited group of customers, regardless of the type of product offered, or (ii) are non traditional in nature, such as non bank banks, credit card banks, web banks, or others that do not provide a full range of services to residents of a specific geographic area.
2. We believe the community development test is more meaningful than the lending test, and is an appropriate test for any institution. Furthermore, community

development activities that are not innovative or complex may still have a significant impact on a community, and those activities should be viewed in light of the impact such activities have on the community, not by how complex or innovative they are.

3. We would like the definition of "qualifying CRA service activities" be expanded to include activities that help the community and not restricted to those that are financial in nature. For example, eligible activities might include bank employees donating time to: (i) the homeless shelter to help feed the hungry; (ii) mentor a child that participates in an after school program; (iii) help in a neighborhood clean-up project; (iv) build a house for an otherwise homeless person; or (v) collect food or clothing for those in need. All those activities help the community, but under the current CRA regulation, an institution would not receive CRA credit for such efforts. We recommend that the rules be expanded to include investment and service projects designed to benefit the community as a whole if they include low- to moderate-income individuals.

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4. We believe that the recent questions and answers relating to the ability to invest outside an institution's assessment area (or a broader regional area that includes the assessment area) sufficiently expands the opportunity area, and that no further changes need to be made to the definition of an assessment area. CRA activities are most effectively conducted in areas where an institution has an ongoing presence or knowledge of the area.
5. We know that the CRA data reporting is expensive and uses valuable personnel resources. We believe the resources required to prepare these reports could be better spent in community development or lending activities. Therefore, we would like to see the CRA data reporting requirements removed.
6. We believe that the strategic plan is a valuable option for institutions and believe it should continue be an option rather than become a requirement. We believe, however, it is appropriate to simplify the current requirements for public input and regulatory approval. Furthermore, if an institution elects to submit a plan and achieve a "satisfactory" performance rating, they should not have to "out do" themselves the following year to receive the same rating.

The foregoing comments deal with only select provisions highlighted in the request for comments. We appreciate this opportunity to participate in this vital rulemaking process.

Sincerely,

Rick Urrutia  
President and CEO

cc: Senator Bennett